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Foreign Financial Control in China. By T. W. OVERLACH.
New York: The Macmillan Company. Pp. 281.)

Foreign financial control is the subject of discussion in this book. Its treatment discloses the fact that "financial control" is not in reality a purely financial matter as applied to China, but that in it are involved political motives and imperialistic considerations. The author, however, endeavors to bring out in relief the purely financial content of the question, as it developed in the history of the relations between the various occidental powers and China, particularly in the period from 1895 to the present time, and suggests a concentration of attention on the financial aspect of the problem with the object of formulating an enlightened policy toward China.

The Chino-Japanese War in 1895 revealed the extent of China's weakness. Armed with this knowledge, the powerful and ambitious western nations, later joined by Japan, began a systematic encroachment on China, with the assurance that the Chinese could offer no serious resistance to the advancement of their purpose. To achieve their end, two most subtle instruments were used—subtle in that they do not on the surface disclose any political purpose or imperialistic design. These instruments were the railway contract, which was the first and is still the most potent weapon, and the public loan agreement, which became an instrument in the hands of the powers out of the chronic poverty of the Chinese national treasury in recent years. Thus the phrase "conquest by railroad and bank" is not fanciful as applied to China.

By railway concessions, embodied in agreements carefully constructed with a view to its special interest, each power sought to mark off sections of the country as its "sphere of interest" or region for its exclusive exploitation, in which it may ultimately acquire not only predominant economic, but also political power. Thus we find Japan segregating South Manchuria as her special sphere; Russia, North Manchuria; and France, the southwestern provinces of China. There arose naturally keen competition among the powers, involving diplomatic intrigue and pressure, in this great game of concession getting. In it is observed the close coöperation between foreign finance and foreign policy. The rivalry has been motivated not only by "money interest," but also by the desire of each country to match up what others gained, which in any way would enhance their prestige in the circle of great powers.

While all aimed to obtain spheres of interest, there was a difference in the underlying motive in the policy of the great powers regarding control. In his book, Mr. Overlach shows the difference by an analysis of the most representative railway contracts, in the selection of which is to be observed the author's fine discrimination. Thus the control over a railway built by the capital of their citizens ordinarily desired by the British government is strictly financial in nature—such control as would assure the safeguarding of the investments as to principal and interest, and to sharing of profits, where this right has been obtained. Similarly the government of the United States would countenance no other kind of control to be acquired by her citizens in China. On the other hand, Russia, Germany, France and Japan have shown both economic and political and imperialistic motives in their policies. Mr. Overlach makes his analysis to discover the nature and extent of control desired and obtained by the several powers by devoting a chapter to the activities of each. We see from the accounts occasions for conflicts among the powers in the pursuit of their particular national interests.

Out of the clash of interests came the realization of the advantage of international participation and international coöperation of the powers in railway projects, examples of which we find in the agreements for the construction of the Tientsin-Pukow Railway and the Hukuang railways, comprising several trunk lines. Such international participation and coöperation, Mr. Overlach views with favor. He commends the adoption of this principle of international participation and coöperation, with "international control," in the future not only in railway and other large industrial projects, but also in loans to the Chinese government for administrative purposes. This recommendation he puts forth in the chapter entitled "International Control" and the concluding chapter of his book. He believes that the policy will be successful if the four great powers, the United States, Great Britain, France and Japan, will combine in the enterprise. He seems to take too sanguine a view of the Lansing-Ishii agreement of November, 1917, as affording a "foundation for a financial coöperation" between Japan and the United States, a view which we can hardly share in the light of recent events, particularly the settlement of Shantung, and the ignoring of the treaty of 1915, imposed on China by Japan, at the Paris Conference. Granting that the powers will coöperate, then the vital problem is the device of a "working formula" which is not only financially effective from the point of view of the

mutual economic interest of the powers, but also just and fair to China. Any other sort will fail in the end.

Whatever may be the policy of the powers regarding investment in China in the future, Mr. Overlach has done a valuable service to bankers, investors, merchants and manufacturers of the countries concerned by giving them a clear picture and understanding of the conditions of international investment and exploitation in China up to the present time, thus aiding them to promote the working out of a wise policy for the future, which shall make for mutual advantage and fairness not only for the investing countries, but also for China. His service should be particularly valuable to business interests in the United States, because the present supreme financial position of the country and her broadened international outlook must inevitably draw her into the solution of the problem. In a profound sense, international peace will depend on a wise and just solution of this very problem of international investment in China. A wise solution requires, we believe, the dissociation of the purely financial, which the problem is, from the political, with a renunciation of imperialistic designs on the part of the powers.

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The Legal Obligations Arising out of Treaty Relations between China and Other States. By MIN-CH' IEN T. Z. TYAU, LL.D., with preface by Sir John Macdonnell and Wu Ting-Fang. (Shanghai: Commercial Press, Ltd. 1917. Pp. xxii, 304.)

China's New Constitution and International Problems. By MIN-CH' IEN T. Z. TYAU, LL.D. (Shanghai: Commercial Press, Ltd. 1918. Pp. xv, 286.)

These are important books. They are the product of the new spirit which is manifesting itself in China in many forms. They recognize the obligations of China as a member of the family of nations, and at the same time they are a protest against the long invasion of her rights which she has suffered at the hands of other powers. China is to be congratulated that she has in the person of Dr. Tyau a scholar trained in the international law of the occident who in these two books discusses with learning and acumen the international and constitutional problems with which his country is now wrestling.